

Annual Report, 1977 Division of Insurance

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Michael S. Dukakis
Governor of Massachusetts

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Massachusetts Division of Insurance

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Progress Report

Anyone who reads the newspapers in Massachusetts should be aware that automobile insurance premiums provided the dominant concerns of the Division in 1977. A short chronology of the automobile insurance situation will serve to summarize much of the year's activities:

--In November of 1976, companies filed rates under the new competitive pricing law.

--In January of 1977, the new premium rates took effect. By this time it had become apparent that a pronounced shift in premium burden was embodied in the competitive filings. While the overall statewide premium total was increased by less than it had been raised in either of the two prior years, the premiums for youthful and urban drivers were raised dramatically by some insurers.

--In March, numerous complaints were registered concerning the operation of the Motor Vehicle Reinsurance Facility (Facility). Companies and their agents were accused of assigning generally higher Facility rate levels in place of published company rates to many drivers without any form of notice.

--In April, all of the major insurers, with just one exception, rejected the Administration's proposal to voluntarily limit premium increases to 25% above the applicable rate for the previous year. The Administration filed legislation which would establish a mandatory cap and order corresponding rebates to policyholders.

--In May, a Division examination of the Facility was concluded with the issuance of a report charging that companies were using arbitrary and unjustifiable criteria for selecting drivers to be denied coverage at standard rates. The Facility report also confirmed that lack of proper notification concerning policyholder placement was more the rule than the exception.

--In June, a decision on the adequacy of competition was issued pursuant to the new rating law. It cited unavailability of pricing information in the marketplace, a lack of competitive vigor on the part of insurers, and an unreasonable pattern of Facility placements as reasons that the public could not rely on competition, as then operating, to regulate insurance prices. A temporary return to state-made rates was ordered.

--In July, the legislature enacted a rebate bill. It ordered a 25% cap on 1977 premium increases and a 10% additional discount for all drivers insured at Facility rates. Total customer rebates ordered by the law amounted to approximately \$50 million. The emergency statute also changed the regulatory framework of the Facility. It prohibited the charging of a Facility rate in excess of standard, company rates to any policyholder without an objectively poor record of at-fault accidents or convictions.

--In August, the Division issued a notice of hearing to set 1978 rates. Special attention was called to the Division's doubts about the continued acceptability of age and sex classification in automobile insurance and the accuracy of traditional territorial rate differentials among policyholders. The State Rating Bureau staff began devoting itself to a full time research effort on automobile insurance pricing.

--In October, the public hearing on 1978 rates began. Witnesses from Miami, Los Angeles and New York joined with Massachusetts consumer groups on the opening day in calling for an overhaul of the customary pricing techniques. The State Rating Bureau filed a lengthy research document in support of a proposed plan which would scrap much of the familiar age, sex and territory classification system in favor of a system placing primary emphasis on individual driving record. The hearing spanned twenty four days and took testimony from more than forty expert witnesses, including a variety of leading figures in actuarial science and statistics.

Toward the end of the month, a new Plan of Operation for the Motor Vehicle Reinsurance Facility was issued. The Plan was drafted by the Division in accordance with the 1977 statutory changes. It created a

novel system of premium credits to encourage the voluntary writing of insurance in urban areas.

--In December, the 1978 premium rates were established by the issuance of a two hundred and seventy page hearing decision. An overall 12% reduction in premium levels was ordered, reflecting improved claim statistics since the institution of individual merit rating in late 1976. More important, the decision accepted the recommendations of the State Rating Bureau with respect to changes in relative pricing. Youth, marital status and gender were dropped from the classification system altogether. Territorial differentials were attenuated by a flattening of traditionally proportional expense loadings and the introduction of a systematic tempering factor to reflect biases in the raw territorial data. Premiums for most urban drivers with clean records were reduced substantially. Reductions of more than 60% were granted to some urban and youthful drivers. The overall rate reduction, which totalled more than \$100 million, kept increases in rural and suburban areas to moderate levels.

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The Division also attended to numerous less publicized projects in 1977. Of great operational importance, but of little direct concern to those outside the Division, was the completion of the structural reorganization begun in 1975. A management chart of the Division would now show four Senior Deputies reporting to the Commissioner and 12 Section Supervisors, each reporting to one of the Senior Deputies. All 16 of the Senior Deputies and Section Supervisors were hired or promoted to their current positions under this Administration. The remainder of this report is presented as the responsibilities within the Division are allocated.

I. Research and Administration (First Deputy Commissioner Andrew F. Giffin)

A. Budget and Personnel. The principal personnel goal of the Division continues to be an enhancement of professionalism. The number of employees holding designations as attorneys, C.P.A.'s, actuaries, Ph.D.'s or M.B.A.'s stood at 40 by the end of the year. Total staff complement now numbers 232, down 72 since January of 1975. The Division's budget request for fiscal 1978 was \$3.9 million as compared with expenditures of \$4.1 million in fiscal 1975, the last budget period beginning prior to this administration.

B. Implementation Planning for New Legislation

The Division's research staff devoted considerable time to the promotion and implementation of several significant new statutes. During 1976, the Legislature passed a law establishing a licensing and supervision procedure for Health Maintenance Organizations. The Division then produced a comprehensive set of regulations to meet the statutory man-

date. The rules are designed to encourage the development of Health Maintenance Organizations while maintaining a high degree of financial safety and quality control. The Division licensed the first three Health Maintenance Organizations during the fall of 1977.

Based on a department initiative, a law was passed to grant domestically chartered life insurance companies tax reductions in exchange for their participation in a \$100 million investment fund to sponsor job-creating economic activity within the Commonwealth. The Division will monitor the progress of the fund to see that its resources are used for the promotion of maximum domestic employment growth.

Another 1977 statute, enacted after a protracted legislative battle, requires that all insurance policy forms sold to individuals in the Commonwealth after 1979 be written in plain readable English. This will extend to the life and health lines the progress made last year by the Division on the automobile insurance policy form. A group combining skills from several sections of the department is now at work drafting appropriate standards for the implementation of the law.

II. Licensing and Examinations (Deputy Commissioner Keith R. Rodney)

A. Staff Improvements. The examination force represents the largest personnel unit in the Division. It has traditionally been the least qualified to perform its statutory tasks. This year a rigorous training program for examiners was designed and initiated. Nearly ninety examiners participated in classroom educational sessions and were given written tests to measure their progress. At the same time, two new auditors with formal financial training were hired to help replace eleven examiners retiring or leaving the department for other reasons.

B. Company Rehabilitation. In June of 1977, Division auditors identified from the required annual C.P.A. reports that the Loyal Protective Life Insurance Company was in danger of insolvency. A receivership was granted the Division by the Supreme Judicial Court and the company's finances were dramatically reorganized. The company was subsequently sold, after a vote of its shareholders, to a larger concern and the receivership was terminated. No insolvency fund exists in Massachusetts for the protection of life insurance policyholders in the event of a business failure.

C. Investigations. Staff examiners conducted an intensive survey of business practices among insurance agents with special emphasis on inner city areas and sales to elderly citizens. Over forty agencies have been accused of systematic overcharges or misrepresentations. The investigations are continuing.

III. Legal and Consumer Services (Deputy Commissioner and Chief Counsel Donald Hillman)

A. Regulations and Enforcement Actions. While the many automobile insurance hearings during the year occupied the bulk of the legal section's time, additional progress was also made in codifying the Division's procedural practices. Regulations governing hearings other than for automobile insurance ratemaking were developed.

Staff lawyers also devoted considerable time to the disciplinary hearings which resulted from the investigation work of the examination section. Seventeen licenses have been suspended or revoked, and action is pending in more than twenty additional cases.

B. Direct Consumer Services. The Division's complaint staff handled a record 12,500 individual cases during the year involving problems with companies or agents. The most impressive advance in this section's performance is embodied in a newly designed and computerized information system. The new recording techniques permit detailed analysis of consumer complaints by line of business and by licensee. This gives the Division a previously unavailable tool for identifying systemic problems and chronic violators.

IV. State Rating Bureau (Director James H. Hunt)

A. Property Insurance Premium Rates. The most important contribution of the State Rating Bureau during 1977 was, of course, in the area of automobile insurance rates. The seven hundred page filing prepared by the Bureau's staff for the October hearing provided the necessary support for the overall rate adjustment and the classification changes. Precedents were also set, however, in another property insurance line. Early in the year, a hearing was held on homeowners rates for policyholders insured in the FAIR Plan, a compulsory pool of companies providing coverage for those individuals unable to secure it in the voluntary market. The member insurance companies had requested a 50% surcharge over normal market rates for all FAIR Plan insureds to help cover a deficit in the plan. The State Rating Bureau did not challenge the existence of a deficit but opposed the filing as contrary to the Congressional intent and public purpose in establishing the FAIR Plans. The proposed increase was rejected by the Division as unfairly discriminatory in that it would penalize a group defined exclusively by the common characteristic of rejection by a company underwriter. The decision concluded that policyholders are entitled to rates based on identifiable criteria and a reason, with possible appeal, for any cancellation or rejection which might result in a surcharge. Massachusetts FAIR Plan rates, accordingly, are now pegged to standard voluntary market rates scheduled according to objective property characteristics.

B. Extension of the Consideration of Investment Income. The work of the Division in applying an overall rate of return concept to rate regulation continued in both theory and practice. An article of academic

quality was prepared showing the derivation of appropriate underwriting returns in each major property-casualty line from the Capital Asset Pricing Model of company investments. An industry filing for increased worker's compensation premiums was rejected for failure to employ an investment income approach. The denial was appealed by the companies to the Supreme Judicial Court and a judgment was entered in favor of the Division. A revised industry filing made later in the year employed an investment income measurement and sought an underwriting margin allowance of negative 4.6% in place of the traditional positive 2.5% margin. A similar concept was applied in the establishment of medical malpractice rates for the year.

Laws, Regulations & Decisions

LAWS

In 1977 the General Court passed, and the Governor approved, the following acts of legislation, which have a direct effect on the insurance business in Massachusetts. The number identifying each act is the chapter number assigned to it during the 1977 session of the General Court.

Chap. 221, further regulating the date for filing annual statements of insurance companies.

Chap. 286, relative to investments of domestic life insurance companies.

Chap. 340, clarifying the requirements of a corporate license for insurance agents and brokers.

Chap. 341, authorizing nonprofit medical service corporations to provide health insurance to subscribers outside the Commonwealth.

Chap. 353, changing the date by which automobile clubs must file statements of financial condition with the Commissioner of Insurance.

Chap. 364, providing for certain changes in the rates charged for risks in the Motor Vehicle Reinsurance Facility.

Chap. 365, relative to the rates charged for motor vehicle insurance.

Chap. 437, providing that an insured's failure to seasonably notify an insurer of a claim shall not prevent insurance coverage unless the insurer has been prejudiced thereby.

Chap. 474, extending the medical malpractice insurance joint underwriting association.

Chap. 475, relative to the special commission on medical malpractice.

Chap. 493, authorizing the writing of replacement value insurance on household furniture, furnishings and other personal property.

Chap. 578, allowing certain insurance companies to act as an urban redevelopment corporation.

Chap. 613, repealing the requirement that medical malpractice insurance be offered both on a claim-made and occurrence basis.

Chap. 741, extending the coverage of group life insurance to dependents.

Chap. 786, providing for the acceptance of arrest bond certificates guaranteed by automobile associations or travel clubs.

Chap. 801, requiring insurance policies to be written in a form that can be easily understood.

Chap. 804, further regulating the disbursement of insurance proceeds.

Chap. 816, establishing the Capital Resource Company and reforming the taxation of domestic insurance companies and savings and insurance banks, and providing for the reduction of unemployment through increased investments in Massachusetts businesses.

Chap. 846, authorizing medical malpractice self-insurance funds.

Chap. 900, providing that certain political subdivisions may be self-insurers for certain insurance purposes.

Chap. 910, further regulating the cancellation, modification, revocation or expiration of contracts between insurers and independent insurance agents.

Chap. 1000, relative to licensing fees for examination and reexamination of insurance agents and brokers.

REGULATIONS

To complement the laws governing insurance, the Massachusetts Division of Insurance used its statutory authority to issue rules and regulations. The rules and regulations adopted in 1977 are shown below, in their order of adoption.

Emergency Regulation 1-77, regarding the prescription of forms for motor vehicle theft reports.

Regulation 3-77, regarding the Standard Merit Rating Plan.

Emergency Regulation 2-77, regarding reductions in premium charges for private passenger motor vehicles and certain commercial motor vehicles equipped with an anti-theft mechanism.

Regulation 6-77, regarding reductions in premium charges for private passenger motor vehicles and certain commercial motor vehicles equipped with an anti-theft mechanism.

Emergency regulation 5-77, regarding procedures relating to advisory filings and the conduct of hearings concerning motor vehicle insurance rating and underwriting practices, and the fixing and establishing of motor vehicle insurance rates.

Regulation 7-77, regarding the prescription of forms for motor vehicle theft reports.

Regulation 4-77, regarding the regulation of health maintenance organizations (HMOs).

Amendment #1 to Regulation 5-74, regarding worker's compensation service fees.

Plan of operation of the Massachusetts Motor Vehicle Reinsurance Facility.

Emergency Regulation 10-77, regarding the Standard Merit Rating Plan.

Emergency Rule of Operation 1 (Massachusetts Motor Vehicle Reinsurance Facility).

Emergency Regulation 11-77, regarding the Massachusetts automobile insurance table of short rate values.

Emergency Rule of Operation 2 (Massachusetts Motor Vehicle Reinsurance Facility).

DECISIONS

Statutes also give the insurance commissioner the power to hold hearings to determine the condition of the insurance marketplace, and, in some instances, to set rates. These findings were issued after due notice and hearing:

Opinion, Findings and Decision concerning proposed rate adjustments filed by Blue Cross of Massachusetts, Inc. and Blue Shield of Massachusetts, Inc. for non-group rates.

Opinion, Findings, and Decision concerning revisions in Medex Rates effective January 1, 1977 filed by Blue Cross of Massachusetts, Inc. and Blue Shield of Massachusetts, Inc.

Opinion, Findings and Decision on 1976 and 1977 medical malpractice insurance rates.

Opinion, Findings and Decision on rates for properties insured in the FAIR Plan.

Report of Examination: assignments to the Motor Vehicle Reinsurance Facility.

Opinion and Findings on the operation of competition among motor vehicle insurers.

Opinion, Findings and Decision concerning rate revisions to recognize law benefit increases proposed by the Worker's Compensation Rating and Inspection Bureau of Massachusetts.

The Massachusetts Mandatory Offer Laws: a report to the General Court.

Supplementary Opinion and Decision on the operation of competition among motor vehicle insurers.

Findings, Decision, and Order concerning the proposed Plan of

Operation filed by the Governing Committee of the Massachusetts Motor Vehicle Reinsurance Facility.

Findings, Decision and Order concerning the operation of the Massachusetts Motor Vehicle Reinsurance Facility.

Opinion, Decision and Order concerning worker's compensation service fees provided in Regulation 5-74.

Opinion, Findings and Decision on 1978 automobile insurance rates.

The Division also issued decisions or agreed to consent orders in the following cases of alleged misconduct by agents, brokers, companies and other miscellaneous matter.

Re: Arnold Deluty (Marco Insurance Agency).

Re: Daniel R. F. Potter.

Re: Marvin L. Adelson and Richard L. Adelson (consent order).

Re: James DeFronzo and Kimlee Restaurant, Inc. v. Roger E.

Ingalls.

Re: Mary T. Roche (consent order).

Re: Academy Life Insurance Company.

Re: Russell C. Chapman Insurance Agency, Inc. and Stephen J.

Packard.

Re: All Type Insurance Agency, Inc. and Gerald W. Savoie.

Re: Ronald L. Richardson.

Re: Allen Wilkinson (consent order).

Re: Frances L. Alix.

Companies

FINANCIAL EXAMINATIONS

Each year, as required by law, the Division of Insurance routinely examines approximately one third of all Massachusetts-based insurance companies, and one third of all retirement systems for Massachusetts public employees.

Companies:

Abington Mutual Fire Ins. Co.
American Employers Ins. Co.
Arrow Mutual Liability Ins. Co.
Artisans Life Ins. Cooperative Soc.
Barnstable County Mutual Fire Ins. Co.
Bay State Ins. Co.
Berkshire Life Ins. Co.
Cambridge Mutual Fire Ins. Co.
Colonial Penn Ins. Co.
Commerce Ins. Co.
Commercial Union Ins. Co.
Commercial Union Reinsurance Co.

Electric Ins. Co.
 Electric Mutual Liability Ins. Co.
 Employers Fire Ins. Co.
 Hartford Life Ins. Co.
 Holyoke Mutual Ins. Co.
 John Hancock Mutual Life Ins. Co.
 Mass Indemnity and Life Ins. Co.
 Mass Plate Glass Ins. Co.
 Merrimack Mutual Fire Ins. Co.
 Monarch Life Ins. Co.
 Northern Assurance Co. of America
 T H E Ins. Co.
 Worcester Mutual Ins. Co.

Retirement systems:

Arlington
 Barnstable County
 Berkshire County
 Brookline
 Dukes County
 Chelsea
 Concord
 Essex County
 Everett
 Falmouth
 Framingham
 Greenfield
 Hingham
 Hampshire County
 Leominster
 Malden
 Marblehead
 Maynard
 Methuen

Newton
 North Adams
 Northampton
 Northbridge
 Pittsfield
 Plymouth
 Norfolk County
 Plymouth County
 Salem
 Shrewsbury
 Somerville
 Southbridge
 Springfield
 Webster
 Wellesley
 Westfield
 West Springfield
 Weymouth
 Worcester

MARKET CONDUCT EXAMINATIONS

Market conduct examinations, which show how a company operates and how well it treats its policyholders, have traditionally been one part of financial examinations. In 1977, however, the Division began examining companies, agencies and brokerages solely with regard to their market conduct.

Companies

Boston Mutual Life Ins. Co.
 Colonial Penn Ins. Co.
 Life of America Ins. Corp. Boston

Agencies and brokerages

Avenue Ins. Agency	McDuffie
Baker	McGunnigle
Bankers Life	McQueen
Bel-Mar	Medford Sq.
Berman	Metro
Black	Nicholls
Bodner	Oster
Brighton	Pace
Brochu	Porter Sq.
Brookfield	Rappola-Morante
E.J. Bruce	Rocco Rose
Chickering	Roche
Chmura	Rock, Inc.
Claremont	Rutstein
Columbus	Shire City
Dowling	Slovin
Finn	Stadium
Friedman Bros.	Sokoll & Lowenthal
Froebel	TKO of Holyoke, Inc.
Gallagher	TKO-Northampton
Joseph Grant	TKO-Westfield
Greater Lawrence	TKO-West Springfield
Independence	Town Line
Kaplansky	Velucci
Kuneoich & Law	Waxman
David Large	West
Philip Leader	Wilde
Main Street	Wise
Marquis	Zaharis
John E. McDonald & Sons	

CHANGES

These companies were admitted in 1977 to do business in Massachusetts; the state of incorporation is shown in parentheses after the company name:

Acacia National Life Ins. Co. (Virginia)
 Agway Life Ins. Co. (New York)
 Allianz Ins. Co. (California)
 American Economy Ins. Co. (Illinois)
 American Mortgage Ins. Co. (North Carolina)
 American States Ins. Co. (Indiana)
 Amica Life Ins. Co. (Rhode Island)
 Automobile Club Ins. Co. (Ohio)
 Balboa Ins. Co. (California)
 Commercial Credit Mortgage Ins. Co. (Maryland)
 Equitable General Ins. Co. (Texas)

Equitable Variable Life Ins. Co. (Texas)
 Federal Life Ins. Co. (Illinois)
 Indianapolis Life Ins. Co. (Indiana)
 Liberty Life Ins. Co. (South Carolina)
 Metropolitan Ins. and Annuity Co. (Delaware)
 Motor Vehicle Casualty Co. (Illinois)
 Security Ins. Co. of Hartford (Connecticut)
 The Canada Life Assurance Co. (Michigan)
 The Centennial Ins. Co. (Kansas)
 The Fidelity & Casualty Co. of New York (New Hampshire)
 Ticor Mortgage Ins. Co. (California)
 Wisconsin National Life Ins. Co. (Wisconsin)

These companies withdrew from writing insurance in Massachusetts; the state of incorporation is shown in parentheses after the company name:

Academy Life Ins. Co. (Colorado)
 Columbus Mutual Life Ins. Co. (Ohio)
 Consolidated Mutual Ins. Co. (New York)
 Grain Dealers Mutual Ins. Co. (Indiana)
 Maryland Casualty Co. (Maryland)
 The Millers Mutual Fire Ins. Co. of Texas (Texas)
 Pennsylvania Lumbermen's Mutual Ins. Co. (Pennsylvania)
 Security Ins. Co. of Hartford (Connecticut)
 United America Underwriters (Missouri)
 United American Life Ins. Co. (Colorado)
 United Security Ins. Co. (New Jersey)
 Worldwide Life Ins. Co. (Colorado)

These companies were renamed; the state of incorporation is shown in parentheses for both the old and the new names:

Allied Ins. Co. (California) is now INA Underwriter's Ins. Co. (California).

Continental Mortgage Ins., Inc. (Wisconsin) is now Verex Assurance, Inc. (Wisconsin).

Leatherby Ins. Co. (California) is now Western Employers Ins. Co. (California)

Lumber Mutual Fire Ins. Co. of Mass. (Massachusetts) is now Lumber Mutual Ins. Co. (Massachusetts)

Peoples-Hume Life Ins. Co. (Indiana) is now Federal Home Life Ins. Co. (Michigan).

For more extensive data on any insurance company that operates in Massachusetts, the reader should consult the proper volume of Best's Insurance Reports, or examine the company's financial statement on file with the Massachusetts Division of Insurance.

RECEIVERSHIPS

Associated Merchants Mutual Insurance Company--Joseph F. Ciccio, as receiver for the insurance company, continued to retain in his possession the assets of the insurance company. During 1977, the Massachusetts Insolvency Fund, pursuant to Chapter 175D, continued with the adjustment and disposition of claims by policyholders. Some of the claims were disputed claims pending in court. The Fund has not disposed of all known claims at the present time.

The receiver reported the following statement of cash assets, income and disbursements:

Balance (Jan. 1, 1977)	\$ 1,432.38
Income	11,891.06
Disbursements	12,348.83
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Balance (Dec. 31, 1977)	\$ 974.61

Puritan Marine Insurance Underwriters Corp.--Under the supervision of the receiver, Dep. Commissioner Rodney, Michael S. Field, Esquire, was appointed counsel to the receiver. Counsel has continued marshalling the assets and determining the liabilities in compliance with the law, and the rules and regulations concerning the maintenance and operation of the affairs of a receivership. Because one of the principals of the insurance agency was under criminal indictment during 1977, counsel to the receiver was unable to conduct an examination of the principal, which was necessary to fully determine some of the liabilities and assets of the receivership. However, counsel for the receiver is now informed that the principal in question is no longer the subject of criminal proceedings, and will shortly be available for examination. The balance in the checking account of the receivership as of January 1, 1978 was \$10,096.86. There is an additional \$250.00 for deposit.

Rockland Mutual Insurance Company--The property, records and effects of the company are held in the receiver's custody and control at 112 Water Street, Boston, Massachusetts, 02109. Claims, priority and general, in an amount in excess of \$7 million have been submitted to the receiver. Through his counsel, Edward T. Dangel III, the receiver is litigating and collecting various sums alleged to be due the receiver. As of October 31, 1977, the date of the last accounting to the Supreme Judicial Court, the cash on hand was \$33,186.19; the value of the common stocks, bonds and treasury notes, at cost, was \$252,000.

Suffolk Insurance Company--Joseph F. Ciccio, as receiver, with the assistance of legal counsel, continued disposing of claims of injured persons against policyholders of Suffolk Insurance Company. Various

claims were negotiated and settled.

On June 20, 1977, the Supreme Judicial Court allowed payment of these claims, totaling \$7,031.25. In addition, the court allowed payment of attorney fees in the amount of \$4,611.00.

The Receiver reported the following statement of assets, income, and disbursements:

Balance (Jan. 1, 1977)	\$222,681.94
Income	11,613.70
Disbursements	21,614.56
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Balance (Dec. 31, 1977)	\$212,681.08

Summit Insurance Company of New York, Inc.--In 1977, the ancillary receivership continued as set up in 1975, with Edmund E. Fleming as counsel to the ancillary receiver.

The receiver continued to pursue and marshall the assets of Summit located in the Commonwealth. Several law suits were in progress, either being prosecuted for the purpose of marshalling assets, or defended on claims. Auditing activities were undertaken to ascertain the amount of assets available, and the affairs of Summit were subjected to investigation and scrutiny to attempt to gain insight into the causes of the insolvency and the nature of the affairs of Summit in Massachusetts. Claims against the estate of Summit which have been filed in Massachusetts were being investigated and processed.

LIFE VALUATIONS

Each year, the Division of Insurance must assign a value to the reserves of Massachusetts-based life insurance companies. In 1977, the fee for this valuation amounted to \$756,997.09. The fee is set according to this formula: for each \$1000 of life insurance in force on December 31, a fee of four mills is charged; for each annuity contract or supplementary contract with life contingencies, a fee of four cents is charged.

